

March 14, 2001

The Honorable Pete V. Domenici
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Kent Conrad
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Chairman Domenici and Senator Conrad:

We are writing in response to your February 23, 2001, request that the *Budget Views and Estimates* of the Committee on Indian Affairs on the President's Fiscal Year 2002 budget request for Indian programs be submitted to the Committee on the Budget no later than March 16, 2001.

On February 28, 2001, the President submitted a 207-page budget document entitled *A Blueprint for New Beginnings - A Responsible Budget for America's Priorities* (the "Budget Blueprint"). The President is expected to submit more detailed budgetary information, including budget justifications, in early April, 2001. The Budget Blueprint totals \$1.96 trillion, includes \$661 billion in discretionary budget authority, and provides an overview of the President's federal spending priorities for FY2002.

I. FEDERAL SPENDING TRENDS 1975-2002

As it has done in previous years, the Committee will call upon the Library of Congress' Congressional Research Service (CRS) to prepare an analysis of federal spending trends in programs and services for or affecting American Indians and Alaska Natives (AI/AN), and a comparative analysis for spending patterns for other Americans. Upon receipt of the budget justifications in April, 2001, the Committee will ask the CRS to produce a document showing federal spending trends for the

years 1975-2002.¹

II. PROFILE OF INDIAN COUNTRY IN BRIEF

In General. There are currently 561 Indian tribal governments recognized by the United States, with some 40% of tribes located in the State of Alaska. Preliminary information from the *2000 Decennial Census* estimates the AI/AN population at 4.1 million, while the *1990 Decennial Census* reported some 2.3 million AI/AN with half residing on Indian reservations. Most AI/AN reside in rural communities, sometimes hundreds of miles from the nearest urban area. As compared to all other groups of American citizens, AI/AN rank at or near the bottom of nearly every social and economic indicator.

Native Americans suffer the highest rates of unemployment and poverty, live in substandard housing, have poor health, receive an inadequate education, and contend with disintegrating or non-existent social systems, all of which together erode both the quality and dignity of life in Native communities.

Education. The educational attainment for Native youth is deficient compared with other groups in the U.S. with Native youth achieving fewer high school and college degrees. A significant and aggravating factor in educational performance is the continued inability of the federal government to ensure adequate, safe and clean educational facilities conducive to learning. As of 2001, there is a \$ 1 billion backlog in unmet needs for school facilities construction in Native communities.

Housing. Census information reveals that 18% of all reservation households are “severely crowded” as compared with 2% for non-natives, with some 90,000 Indian families homeless or under-housed. One of every five Indian houses lacks complete plumbing facilities. Reliance on federal financing for housing is made greater by the difficulties AI/AN have in accessing private sector capital and mortgage lending in particular.

Employment and Income. Hobbled by the near-complete absence of a private sector, nearly one in three AI/AN, or 30%, live in poverty. In the U.S. today, the unemployment rate is 4.2%, whereas in Native communities the unemployment rate hovers near 50% --- nearly twice that of the national unemployment rate in the Great Depression of the 1930's. The earning capacity of AI/AN also lags behind that of other Americans: for every \$100 earned by the average American family, an Indian family earns \$62. Similarly, the average *per capita* income for Indians residing on-reservation is \$4,478.

Health Status. Perhaps most striking are the health statistics involving AI/AN. Diabetes,

¹ Attached is a copy of the Memorandum from Mr. Roger Walke, Specialist in American Indian Policy, Domestic Social Policy Division, Congressional Research Service (CRS) entitled *Indian-Related Federal Spending Trends, FY1975-FY2001*, March 1, 2000.

tuberculosis, alcoholism, Fetal Alcohol Syndrome (FAS) and increasingly, AIDS, plague America's Native communities at rates far and above the incidence for other Americans. As of 2001, there is a \$ 900 million backlog in unmet needs for health facilities, contributing to the degenerating health of Native communities.

There are at least two rationales for ongoing federal commitments to allocate resources to AI/AN programs and services. The first is a fundamental desire by the U.S. to address the compelling and often Third World conditions found in many Native communities. Resources are often allocated to alleviate dire conditions and address the basic human needs of AI/AN across the country.

The second rationale for an ongoing and significant commitment of federal resources is the unique legal and political relationship between the U.S. and Indian tribes nationwide. This government-to-government relationship is a well-settled principle of federal Indian law which is expressed in treaties, executive agreements and orders, statutes, courses of dealing, and hundreds of federal court decisions.

There are also moral components to the relationship which has been often described as a "mutuality of obligations" between the parties. The relationship is most easily understood by reference to the cession of millions of acres of land by tribes in return for peace, appropriations, and other benefits to be provided by the United States.

III. FUNDING PRIORITIES AND SUCCESSFUL PROGRAMS

Without more detailed description and justification, and given the continuing need for a significant federal resource commitment, at this time the Committee is unable in any substantive way to critique the Budget Blueprint. In the past, the Committee has supported the overall budget requests for Indian-related programs, and in many instances urged that it be increased. In no instance has the Committee suggested that the overall budget request for Indian programs and services be reduced.

In terms of the administration of federal programs, significant amounts of federal funds allocated for Native communities have many times resulted in an expanded and unresponsive federal bureaucracy rather than any direct benefits to Native people. In recent years, Congress has implemented tribal recommendations to the Congress regarding the need for greater local autonomy and flexibility in spending decisions as more fully set out below.

The Tribal Priority Allocations (TPA) mechanism has proven successful in affording the tribes the ability to set spending priorities for governmental services and, if faced with changing needs, to reallocate TPA funds accordingly.

The TPA mechanism enables Indian tribal governments to flexibly respond to local concerns and to provide governmental services such as child welfare and elder care programs, forestry,

agriculture and range management, fire protection, adult vocational education training, and a host of others to their members and others residing on Indian lands. Indian tribal governments are most acutely aware of the needs of their members and how best to address them, and the TPA mechanism assists tribal governments in so doing.

Similarly, beginning with the *Indian Self Determination and Education Assistance Act of 1975*, as amended, (hereafter the *Indian Self Determination Act*, Pub. L. 93-638) there has been a gradual shift away from the federal administration of Indian programs to one in which tribal governments assume the responsibilities of the U.S. for the provision of services and programs to tribal members.

Through “638 contracts” and self governance compacts, Indian tribes and tribal consortia have developed greater levels of administrative acumen and delivered higher quality services than were previously made available. The Committee strongly supports the continued funding and expansion of tribal contracting and compacting under the *Indian Self Determination Act* and urges that sufficient funds be provided to ensure the continued success of the program, including funds for contract support costs for tribal contractors.

IV. COMMITTEE RECOMMENDATIONS

IV. A. Department of Interior - In General. The Budget Blueprint includes \$9.8 billion in funding for the Department of Interior, a reduction of \$ 400 million (or 3.9 percent) below the FY2001 enacted level. The Budget Blueprint provides \$900 million for the Land and Water Conservation Fund (LWCF), and indicates generally that the funding priority for Indian programs within the Department will be on replacing and repairing BIA-funded schools.

Anticipating a complete elimination of the backlog in school facilities by Fiscal Year 2006, six Indian schools are slated for replacement and additional funding is proposed to reduce the school repair and maintenance backlog. In addition, funding is proposed for the implementation of Indian land and water settlements in 5 states: California, Colorado, Michigan, New Mexico, and Utah.

1. Bureau of Indian Affairs (BIA)

a. Operation of Indian Programs (OIP). The OIP provides funding for core functions including contract support costs to carry out contracts and compacts under the *Indian Self Determination Act*; housing repair funds for the Housing Improvement Program (HIP); road maintenance; BIA Trust Management Improvements; funds for Indian tribal courts; funds for adult care facilities; and other accounts.

Funding for contract support costs for BIA programs, for example, acts as a critical incentive to encouraging and expanding tribal contracting and compacting under the *Indian Self Determination Act*. Until full contract support costs are provided, the level and quality of services provided under

these contracts and compacts will suffer.

b. Law Enforcement Activity. Safe and crime-free environments are critical to improving the quality of life in Native communities and are central to any effort to attract capital and employment opportunities to strengthen tribal economies. For the past 4 fiscal years, significant funding has been made available to the ongoing joint *Department of Justice - Department of Interior Law Enforcement Initiative*. The Committee encourages the President to continue this trend so that the success of the Law Enforcement Initiative can be continued.

Funding increases in past years have been dedicated to additional law enforcement personnel, police vehicles, communications equipment, and staff detention services. The Committee continues to encourage and looks forward to the heightened degree of inter-agency coordination for law enforcement evidenced by the law enforcement initiative.

c. Education Activity. Just as the President has made educational improvement and reform a top priority for his Administration, the provision of quality education to Native communities continues to be a top priority for this Committee.

For years, this Committee has expressed grave concerns over the growing backlog in Indian school facilities construction of nearly \$ 1 billion. Information provided to the Committee indicates that some \$293 million will be requested for new school facilities construction in FY2002.

In addition to federal funds, several members of the Committee have voiced support for changes in the law to authorize the issuance of bonds to raise capital for the construction of new schools. While the Committee fully supports the request with regard to facilities construction, it also encourages the BIA, in consultation with the tribes, to pursue and develop novel approaches to this growing problem.

Just as contract support costs (CSC) provide the funding which enables Indian tribes to effectively manage IHS and BIA programs formerly administered by the federal government, funds provided to tribally-administered schools in the form of Administrative Cost Grants (ACGs) facilitates the effective tribal management of schools. Available information suggests that as of FY2001, tribally-controlled schools received less than 80% of their ACG needs. If this funding trend continues, tribally-controlled schools will face increasing risk of fiscal failure which, ultimately, could result in the operation and management of these schools being re-assumed by the federal government.

2. Office of Special Trustee for American Indians (OSTAI)

In 1994, Congress enacted the *American Indian Trust Fund Management Reform Act*, 25 U.S.C. 4001, *et seq.*, to bring required reforms to the management of Indian trust assets, accounts, and resources by the United States. Little or no progress in implementing the Act was made in the years

immediately following enactment. Beginning in 1997 through several oversight and legislative hearings, the Committee grew concerned with the pace and direction of planned trust management reforms of the Department of Interior and its bureaus. Since FY 1998 more than \$200 million has been appropriated by Congress to the Department of Interior for purposes of trust management reforms.

Unequivocally, state-of-the-art computer and accounting systems are needed if Indian trust management practices are to be reformed. However, design and implementation problems have plagued the Trust Asset and Accounting Management System (TAAMS) over the past 5 years. The General Accounting Office has reviewed and monitored the TAAMS system and continues its analysis in 2001.

With regard to trust improvements, the Committee supported the FY2001 request inasmuch as it included \$ 35 million for trust management improvements in the BIA itself including real estate services to improve property management services, the performance of cadastral surveys, real estate appraisals, the hiring of additional probate staff, and funding for land titles and records. These functions are necessary to the ultimate success of any trust reform efforts and resources are needed to accomplish them.

The Committee also strongly supported the planned expansion of the Indian Land Consolidation Pilot program which has been implemented with success on a limited number of Indian reservations and in calendar year 2001 is expected to be expanded to other Indian reservations.

3. Indian Health Service (IHS)

1. Indian Health Service (IHS). The Budget Blueprint includes \$56.7 billion for discretionary programs within the Department of Health and Human Services (DHHS), an increase of \$ 2.8 billion over FY2001 enacted levels. The bulk of the increase will go to the National Institutes of Health.

a. Health Services. The Indian Health Service (IHS) enacted appropriation for FY 2001 was \$2.63 billion, an increase of \$240 million over the FY2000 enacted levels.

The President is expected to forward a FY 2002 budget request which increases funding at the Indian Health Service by less than \$60 million. The bulk of that increase is expected to be allocated to address mandatory pay raises and new staffing costs. The remainder, if there is any, will probably be allocated to ongoing construction projects.

Program increases are unlikely and this is of grave concern to the Committee. The Indian Health Service cannot even begin to address the tremendous health care needs of the patients it serves, and any failure to address the loss of purchasing power due to inflation is a blow to the ability of the agency to continue to provide services at the current level.

b. Contract Support Costs. For the last three years, this Committee and other committees devoted significant time and resources to addressing the issue of chronic shortfalls in contract support costs (CSC) funds for tribal contractors and compactors under the *Indian Self Determination Act*. We understand the FY2002 request will not include any increase in the funds available for contract support costs. Yet the agency and the Department are well aware that the Navajo Nation plans to assume control of all IHS health programs located within its physical boundaries. Estimates of the contract support costs for the Navajo Nation alone are in the range of \$60 million. This further minimizes the dollars available to all tribes to operate IHS programs.

The Committee is cognizant of the need to provide more CSC to fund the existing queue of tribal contractors, and as an incentive to transitioning other tribes and tribal organizations to provide health and other services to their members under the *Indian Self Determination Act*. The Committee is concerned that the omission of a request for an increase in contract support costs may cause serious damage to the Indian Health Service system as whole.

c. Health Facilities. Though the FY2002 budget request for health facilities will probably include a request to continue ongoing construction, there is unlikely to be new funding for planning, design or construction. There is a \$1 billion backlog in the construction of replacement health care facilities in Indian country.

As the health care status and access to health care of AI/AN continue to be major items of concern, the Committee is encouraged by the IHS consideration of alternative approaches to financing Indian health facilities through its development of the small ambulatory grant program and the Joint Venture Program. We remain hopeful that funding for these innovative programs will be requested by the President. The other concern of the Committee is the anticipated lack of any request to address medical inflation costs, which the IHS estimates will cost an additional \$80 million next year. If the medical inflation costs go unaddressed, the effectiveness of existing programs will be eroded.

d. Other DHHS Programs. The Budget Blueprint increases access to substance abuse treatment services and works to close the treatment gap by providing a \$100 million increase for the Substance Abuse and Mental Health Services Administration as part of a broader \$111 million initiative. There is no indication whether these increases apply to Native communities as well.

The Budget Blueprint also supports families by funding early interventions for at-risk families, assisting parents in obtaining after-school child care, promoting responsible fatherhood, supporting maternity group homes for teenage mothers, and creating incentives for stronger public private partnerships with charitable organizations.

Increasing Access to Drug Treatment: The President recommends an additional \$111 million to increase the availability of substance abuse treatment services. Included in this amount is \$100 million for the Substance Abuse and Mental Health Services Administration to help close the treatment gap.

The increase includes \$60 million to help States finance treatment to those in need through the Substance Abuse Block Grant, and an additional \$40 million will be made available through the Targeted Capacity Expansion grants designed to support a rapid, strategic response to emerging trend in substance abuse.

Supporting the Healthy Communities Innovation Fund Initiative: HHS will allocate approximately \$400 million in 2002 funding for existing grant activity for innovations at the local level, including programs to promote comprehensive care through integrated State health care delivery systems for women and children.

Promoting Safe and Stable Families: The Budget Blueprint includes funding for the Promoting Safe and Stable Families program at \$505 million in FY 2002, a \$200 million increase over the FY 2001 enacted level. These additional resources will help States keep children with their biological families, if safe and appropriate, or to place children with adoptive families. The Budget Blueprint also includes a \$60 million increase for education and training vouchers to youth who age out of foster care. This initiative, which would be funded through the Independent Living Program, would provide vouchers worth up to \$5,000 for education or training to help these young people develop skills to lead independent and productive lives.

Creating After School Certificates: The Budget Blueprint creates a new \$400 million after-school certificate program within the Child Care and Development Block Grant (CCDBG), raising total funding to \$2.2 billion. The new program would provide grants to States to assist parents in obtaining after-school childcare with a high-quality educational focus.

Promoting Responsible Fatherhood: The Budget Blueprint provides \$64 million in FY 2002 (\$315 million over five years) to strengthen the role of fathers in the lives of families. This initiative will provide competitive grants to faith-based and community organizations that help unemployed or low-income fathers and their families avoid or leave cash welfare, as well as to programs that promote successful parenting and strengthen marriage.

Supporting Maternity Group Homes: The Budget Blueprint recommends providing \$33 million in FY 2002 for maternity group homes, which are community-based, adult-supervised group homes or apartment clusters for teenage mothers and their children. The homes provide safe, stable, nurturing environments for teenage mothers and their children who cannot live with their own families because of abuse, neglect, or other extenuating circumstances.

Encouraging Compassion and Charitable Giving: The Budget Blueprint also proposes three initiatives to ensure that the federal government plays a role in providing support to charitable organizations. A "Compassion Capital Fund" will provide start-up capital and operating funds totaling \$67 million in FY 2002 to qualified charitable organizations that wish to expand or emulate model programs. In addition, a \$22 million national fund will support and promote research on "best practices" among charitable

organizations in FY 2002. Also, to encourage States to create state tax credits for contributions to designated charities, the budget will propose legislation to allow States to use federal Temporary Assistance for Needy Families (TANF) funds to offset revenue losses.

Universally acknowledged as a successful tool in assisting tribes and native communities develop and implement economic, environmental and cultural initiatives, the Administration for Native Americans (ANA) program is slated to receive \$44 million in FY2001, a \$ 9 million increase over FY2000. The Committee supports other items in the request including a \$ 3 million expansion for tribal epidemiology centers, and a \$ 4.7 million increase for the Community Health Representative program.

4. Agriculture and Related Activities - Bureau of Indian Affairs (BIA)

The Committee's efforts to encourage the past Administration to review its obligations under current law were ineffective. Though enacted in 1993, regulations to implement the 1993 *American Indian Agricultural Resources Management Act*, 25 U.S.C. 3701, *et seq.*, have yet to be promulgated. In the *FY1999 Omnibus Appropriations Act*, the Committee directed the Bureau of Indian Affairs (BIA) to report on the type and degree of its activities in Indian agriculture including the level of inter-agency coordination on agriculture matters.

Due to past budget restrictions, the Committee is concerned that the Bureau's capacity to assist tribes in dealing with irrigation, soils, and other matters affecting Indian agriculture has been severely hobbled. The Committee remains interested in encouraging joint BIA-USDA efforts to address the issues of common concern in the field of agriculture and agricultural development.

Aiding in these efforts, in the 106th Congress, legislation was successfully proposed to address the problem of Indian land fractionation which continues to frustrate efforts to reform trust management practices and serves as a prime inhibitor to agricultural and other value-added activities on Indian lands. The Committee is hopeful that the implementation of the *Indian Land Consolidation Act Amendments of 2000*, Pub. L. 106-462, by the Department of Interior will facilitate related and necessary reforms to Indian lands leasing and development.

IV. B. Agriculture and Related Activities: Department of Agriculture

The Budget Blueprint includes \$17.9 billion in funding for the Department of Agriculture for FY2002, a \$1.5 billion reduction from FY2001 enacted levels. Funding is provided to fully fund the projected 7.25 million participants in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). Increased funds to implement the *Agricultural Risk Protection Act of 2000* (ARPA) will be made available to improve crop insurance, increasing subsidies and encouraging new product development.

The Budget Blueprint also proposes the elimination of \$1.1 billion in one-time expenses including

emergency pest suppression, rural development assistance, and wildfire firefighting expenses. Potential reforms to existing agricultural commodities programs such as the Pub. L.83- 480 (“Food for Peace”) program, and the commodities donations program under the *Agricultural Act of 1949* are likely to occur.

The Budget Blueprint also indicates that existing programs, such as the Rural Telephone Bank program as well as congressionally-earmarked research projects, are candidates for review and perhaps elimination. At the same time, the President has asked for an increase in funding for USDA trade expertise and market intelligence to better market domestically-produced agricultural products abroad. Efforts to streamline and modernize the USDA’s field offices will also be undertaken.

With agriculture as the second largest employer in Indian communities, the USDA plays a fundamental role in aiding Indian economic and community development. The Committee remains unconvinced that tribes have full and equitable access to many USDA programs, and encourages the USDA to increase outreach and performance for tribal specific and tribal eligible programs that exist within the USDA.

Some of the USDA programs that have an important role in Indian communities are the Food and Nutrition Service, the Foreign Agriculture Service (FAS), the Extension Program (which aids Tribal Colleges), and the Farm Service Agency (FSA).

The Committee would strongly support similar funding of Rural Community Advancement Program (RCAP) resources to Native communities in FY 2002. Other key areas of Indian-specific funding that merit the Budget Committee’s attention include the Native American Endowment Fund which funds renovation, repair, construction, and maintenance; funding for Indian farmers pursuant to the Agriculture Credit Insurance Fund; and funding for Indian ranchers pursuant to the American Indian Livestock Feed Program.

USDA funding is divided into 2 categories: “Native American Specific Programs”, and “Other Programs” that may benefit Native Americans.

Indian Specific Programs. The following are items in the Specific Program category: Native American Endowment Fund; Extension Indian Reservations Program; FSA’s Indian Land Acquisition Loans; and the Food Distribution on Indian Reservations Program.

Rural Development. The availability of a solid physical infrastructure is often a decisive factor in the decision of outside investors and Indian entrepreneurs to engage in business activities on native lands. The Rural Community Advancement Program (RCAP) funds key rural sewer and water facilities and has had a significant impact on many Native communities. The Committee believes that given the needs for infrastructure development on Indian lands, funding should continue to be made available for tribal needs pursuant to the RCAP program.

For purposes of rural development the Specific Programs account includes an Indian earmark for Water and Waste Disposal Direct Loans and Grants; Indian earmarks for Community Facility Loans and Grants; Rural Business Enterprise Grants; Rural Business Opportunity Grants; and the Intermediary Re-lending Program Loans.

The Rural Development -- Other program accounts include the following items of interest to Native communities: Business, Industry and Enterprise loans and grants; Single Family Housing Loans; Multi-Family Housing funds; and Telecommunications and Tele-medicine loans and grants.

Empowerment Zones (EZ). Federal funding for the Empowerment Zone program is channeled through the USDA. The FY2001 request included funding for wage provisions and tax credits to expand the EZ concept for a proposed third round of 10 new empowerment zones in 2001. The total cost of this initiative is estimated to be \$4.4 billion.

Natural Resources Conservation Service. The USDA also offers funds for Conservation Technical Assistance and for the Environmental Quality Incentives Program (EQIP).

Food and Nutrition Service. The USDA offers programs and services in the following areas: the Food Stamp Program; the Child Nutrition Program; the Nutrition Program for the Elderly; and the Women, Infants and Children Program.

Tribal Colleges. Funding for the benefit of Indian Tribal Colleges is also made available through the USDA broken down into the following categories: funding for Tribal Colleges Institution Equity Grants; and funding for extension services and capacity building at Tribal Colleges.

IV. C. Educational Activities - Department of Education

The Budget Blueprint provides \$ 4.6 billion (or an 11.5 percent increase) in total budget authority for the Department of Education and provides \$ 2.5 billion (or a 5.9 percent increase) for Education Department programs, the highest percentage increase of any Cabinet agency, consistent with the priority the President has placed on education.

The Budget Blueprint provides a \$1.6 billion increase for elementary and secondary education initiatives announced as part of the President's "No Child Left Behind" proposal. These reforms will result in increased accountability for student performance, reduced bureaucracy and greater flexibility, a focus on proven programs, and more choices to empower parents.

The Budget Blueprint also provides a \$340 million increase in key elementary and secondary education programs in other federal agencies, resulting in a 10-percent increase for K-12 initiatives; and will enhance school choice with \$150 million to help charter schools acquire, construct, or renovate facilities

and provides alternatives for children in chronically failing or dangerous schools. The Budget Blueprint also increases funding for Impact Aid by \$62 million for schools serving large numbers of military dependents or Indian children, and provides \$25 million for character education.

The cornerstone of the Administration's higher education policy is an additional \$1 billion for Pell Grants, increasing the maximum award for all students to provide more need-based grant aid to low-income college students. Funding for the Department of Education for Historically Black Colleges and Universities, Historically Black Graduate Institutions, and Hispanic-Serving Institutions would increase 6.4 percent over FY 2001 as the first installment toward the President's goal of increasing these programs 30 percent by FY 2005.

IV. D. Law Enforcement and Public Safety - Department of Justice

The Budget Blueprint for FY2002 includes \$19.9 billion for the U.S. Department of Justice (DoJ) with funding initiatives planned for the Immigration and Naturalization Service (INS), the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), the Bureau of Prisons (BoP), and the U.S. Attorneys.

The Budget Blueprint also states that some \$1.5 billion in local grant assistance programs be re-directed to permit increases in other law enforcement priorities including *Violence Against Women Act* programs, Weed and Seed crime prevention programs, projects Child Safe and Sentry, and targeted local prosecutor initiatives.

Given the alarming increase in the rate of violent crime on Indian lands reflected in the Department of Justice / Office of Justice Programs report entitled *American Indians and Crime* (February, 1999), the Committee has been fully supportive of the requested funds dedicated to law enforcement in Indian country.

For instance, with regard to the FY2001 request, the Committee was supportive of new initiatives and new funding for victim / witness coordinators within the Federal Bureau of Investigation and evidence and forensic examinations; new funding for additional U.S. Attorney positions to investigate and prosecute crimes in Indian country; new funding for drug testing, treatment, and diversion programs; new funding for Youth Mental Health and Behavior Problems; and funding for sexual assault nurse examiner units.

The Committee also supported funding for Indian tribal criminal and civil legal assistance; funds for the construction of detention facilities in Indian country; new funding for tribal criminal justice statistics collection; funding for grants to tribes to hire additional law enforcement officers; funding for an Indian Country Forensics Laboratory; and funding to establish permanently the Office of Tribal Justice within the Department.

FY2001 enacted funding levels included healthy increases for the joint *Department of Interior - Department of Justice Law Enforcement Initiative* in Indian Country and given the ongoing crime

problem in Native communities, the Committee strongly encourages that FY2002 levels for the joint initiative be sufficient to address this problem.

The FY 2001 enacted levels include key funding for Indian law enforcement programs, such as \$34 million for tribal detention facilities, \$8 million for the tribal courts initiative, \$40 million for tribal law enforcement and training, and \$12.5 million for juvenile justice programs in Indian and Alaska Native communities.

IV. E. Housing and Community Development - Dept. of Housing and Urban Development

The Budget Blueprint provides for \$30.4 billion for the Department of Housing and Urban Development (HUD), or an increase of 6.7 percent over FY2001 enacted levels. The Budget Blueprint indicates that the Department will target \$200 million to assist low-income families to make down payments on their first home; \$80 million in competitive grants to establish technology centers in depressed neighborhoods; and an increase in funding in housing for people with AIDS.

Reliable information provided to the Committee suggests that the level of need for housing stock in Native communities is \$972 million. Given FY2001's enacted funding level of \$650 million, an ongoing deficit in federal housing funding continues into the FY2002 appropriations cycle. It is doubtful that the differential can be addressed either with tribal resources or by tribes availing themselves of the private capital markets. As a result, the Committee recommends that the request for housing funding made available pursuant to the *Native American Housing Assistance and Self-Determination Act (NAHASDA)* be made with an eye to existing, unmet needs.

Indian communities will be impacted by the proposed elimination of the Rural Housing and Economic Development program and the Drug Elimination Grant Program. For example, Boys and Girls Clubs in Native communities received \$2 million in FY2001 from the Drug Elimination Grant program. The Committee would encourage that Native communities continue to receive funding for Boys and Girls Clubs from HUD resources.

The programs and services of interest to Native communities contained within the HUD account include key accounts such as welfare to work vouchers; the Title VI loan guarantee program under NAHASDA; and the Indian Housing Loan Guarantee Program; Community Development Block Grants; Economic Development Initiative/Community Empowerment Fund; and HOME Investment Grants. The Committee continues to encourage the coordination and consolidation of intra-agency and inter-agency resource targeting for Indian programs, especially for those programs and services dedicated to business and community development.

IV. F. Commercial Activities - Department of Commerce

The Budget Blueprint provides a total of \$4.8 billion for the Department of Commerce, or a decrease of \$400 below the FY2001 enacted level. Although there are few details available on the

President's priorities in the Department's budget, it is hoped this budget includes funding for the newly-created Office of Native American Business Development ("Office") within the Department. *See* Pub. L. 106-464. The Office will be responsible for the inter- and intra-agency coordination of economic development resources to promote greater economic activity and growth in Native communities, with emphasis on international trade and tourism activities.

Unemployment rates in Native communities continue to hover in the 43 to 45% range compared to the national unemployment rate of 4.2%. Although access and participation in federal programs are only the first step in economic self-sufficiency, the Committee remains unconvinced that tribes have full and equitable access to the many business and community development programs and services within the Department.

Specific programs that Native communities would benefit from are administered by the Economic Development Administration (EDA), the Minority Business Development Agency (MBDA), the International Trade Administration (ITA), the Export Promotion Administration, and the National Telecommunications and Information Administration (NTIA).

In addition to the newly-created Office of Native American Business Development, Congress enacted the *Regulatory Reform and Business Development on Indian Lands Commission*, Pub.L. 106-447, to establish a joint Commerce - Interior - Tribal - Private Sector task force charged with reviewing existing laws and regulations impacting investment and business development in Native communities. The Committee strongly encourages the FY2002 request to include sufficient funds to comply with the terms of the law and to provide valuable recommendations to Congress consistent with the statute.

IV. G. Labor Activities - Department of Labor

The Budget Blueprint provides \$11.3 billion for the Department of Labor (DoL) for FY2002. The Department's administration of roughly \$9 billion in grant funds continues to be an area of concern. DOL needs to ensure that all grantee cost reports are entered in a timely manner into the Department's financial system to ensure accountability of the billions of dollars involved, and more attention to grant management is needed in such program areas as Youth Opportunity, Welfare-to-Work, and Child Labor programs.

IV. H. Transportation Activities - Department of Transportation

The Committee notes that there is an estimated \$6.8 billion backlog of needed transportation improvements in Indian country. Due to the poor and unsafe conditions of the Indian Reservation Roads system, Indian country has an annual fatality rate of more than 4 times the national average. The Community supports the full appropriation of the authorized amount of \$275 million for the Indian Reservation Roads program.

IV. I. Environmental Activities - Environmental Protection Agency

The Budget Blueprint provides \$7.3 billion for FY2002, or \$500 million below the FY2001 enacted level. The Budget Blueprint provides early indication that the new Administration intends to pursue a fundamental shift in the EPA's philosophy toward the use of market-based incentives to control pollution.

The need to build tribal capacity to develop and implement tribal environmental programs is great indeed. The Committee strongly supports the proposed \$1 billion request for the EPA's State and Tribal Assistance Grants (STAG) program in order to build tribal capacity for environmental protection and enforcement.

V. COMMITTEE CONCLUSIONS

The Committee on Indian Affairs, in its March 14, 2001, business meeting favorably adopted the foregoing letter of recommendations on the budget views and estimates.

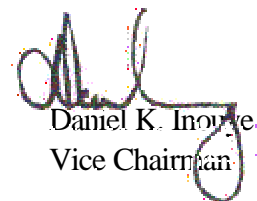
In approving this letter, however, the members of the Committee have made it clear that the Committee reserves the right to supplement this letter with a *Supplemental Budget Views and Estimates* letter once it has received and analyzed the budget justifications that are to be made available in April, 2001, and once the CRS memorandum of federal spending trends is made available to it.

We appreciate the opportunity to provide this information on the President's FY2002 budget request for Indian-related programs to the Committee on the Budget and very much look forward to working with you in the coming year.

Sincerely,



Ben Nighthorse Campbell
Chairman



Daniel K. Inoué
Vice Chairman

Attachment